

Research on the Marketing Communication Strategy of Tesla Motors in China under the Background of New Media

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ABSTRACT

Tesla entered the market of China at the end of 2013. China's new energy vehicle sales have increased significantly, and they have become the focus of competition among the various manufacturers in the future. This passage will fill such research gaps using quantitative research, case analysis, and survey. There are following steps to conduct the study: First, The market of new energy vehicles in China; Second, The current situation of Tesla's marketing strategy in China; Third, The problems of the current Tesla's marketing strategy, include frequent price adjustment, excessive pursuit of sales, newly established and Less competitive; Fourth, The improvements of Tesla's marketing strategy, include improvements for frequent price adjustment; improvements for the excessive pursuit of sales and improvements for problems of newly established and less competitive. The value of the article refers to the analysis and optimization of Chinese new energy vehicle, industrial policy and promotes the Tesla's marketing competitiveness.

Keywords: *New media, Tesla, Chinese Market, Marketing Strategy.*

1. INTRODUCTION

In this presentation and age, our environment becomes worse and worse mainly because of the pollutants from fuel vehicles. However, governments from almost all over the world encourage people to use electronic cars. In China, the electronic vehicle market has performed well, which benefits a lot of the policies of the Chinese government. Moreover, an increasing number of people start to purchase new energy vehicles instead of traditional fuel ones to achieve the goal of protecting the environment. In addition, persons can save money from the new energy vehicles because the price of electricity is quite lower than the fuels. To fulfill such a perfect market, there are a great number of new energy vehicle brands in China, and the competition is quite fierce. However, Tesla is one of these electronic vehicle brands that can only spread through new media without traditional official advertising investment. Tesla entered the market of China at the end of 2013. China's new energy vehicle sales have increased significantly, and they have become the focus of competition among the various manufacturers in the future. After Tesla obtained

license discounts in Beijing and Shanghai, sales have increased significantly.

In the first quarter of 2017, its sales in China reached a record high, with a year-on-year growth rate of 300%. After China invests in the construction of the factory, Tesla is expected to solve the problem of its insufficient production capacity and is expected to continue to receive policy dividends. Mass production of the Model 3 is imminent.

As Tesla's first civilian new energy vehicle, the Model 3 has attracted a lot of attention since its launch, with orders for more than 325,000 units in the first week. According to Tesla's plan, the Model will officially start production in July 2017 and plans to achieve 5,000 vehicles per week in the fourth quarter of this year and continue to increase to 10,000 vehicles per week in 2018, with an annual output of 500,000 vehicles, and an annual output of 100 million vehicles in 2020. At the same time, to cooperate with the mass production of Model 3, Tesla's battery production has begun to enter a capacity release period. The output in 2018 will reach 50Gwh, and the output in 2020 will reach 150Gwh,

mainly used for automotive power batteries and energy Storage projects. In May of this year, Musk said that he would announce the location of 2-4 new super factories. Starting from the second half of this year, Tesla's vehicle, battery, and new production capacity are expected to enter a blowout period at the same time, driving a substantial increase in demand across the industry chain. Here are some literature reviews from some researchers. Huang said that "Tesla had the recognition of creativity. The drawback of new energy vehicles----the endurance capacity----was solved, and the confusion of the buyers can be removed. The profit on the products was used to invest in the development of the new products, which means that the company's capital is enough. Moreover, the after-sale service of Tesla is quite perfect" [1]. Qian claimed that "Tesla discovered the current situation of Chinese marketing: the development of urban areas, higher salaries of citizens, and the government's encouragement to purchase new energy vehicles instead of traditional fuel vehicles, and then locked on their target and potential consumers. Furthermore, Tesla had its own 4P strategy: price, product, distribution strategy and sales strategy" [2]. Jiang proclaimed that "Tesla had special new media sales strategy. It also impresses the consumers with the brand concept of technology, environmental protection, wealth, and fashion. The company made consumers and their media usage habits highly overlap. For instance, the company added software like Zhihu, Weibo and WeChat into the system of the cars. In addition, Tesla's CEO Elon-Musk had his own branding effect, and he used event marketing to raise public awareness. He focused the user sharing on stimulating more individuals to purchase the products" [3]. Qi said introduced that "Tesla had advanced technology and built a great number of charging stations, which address many users' concerns. And Tesla didn't invest the traditional advertisements in popularizing the brands. Instead, the company wanted consumers to publicize the products" [4]. However, most researchers conduct the survey Tesla's market position, marketing strategy, and their CEO's IP impression. Few of them study the drawbacks of Tesla's marketing strategy. This passage will fill such research gaps using quantitative research, case analysis, and survey. There are the following steps to conduct the study: 1. The market of new energy vehicles in China; 2. The current situation of Tesla's marketing strategy in China; third, the problems of the current Tesla's marketing strategy; 4. The improvements of Tesla's marketing strategy.

2. METHOD

2.1 Literature Analysis Method

The definition of the method is collecting, identifying, collating literature, and forming a scientific understanding of facts through the study of the literature. There are two kinds of literature—journals, thesis, and i

industry reports [5]. Using such a method is to fill the research gaps and work out some of the problems. The industry reports are beneficial to help learn about the development of the new energy automobile industry and know about the background information of this paper.

The literature analysis shows your deep understanding of a literature, composition, and analyzing the spreading strategy of Tesla under new media conditions by the situation of the Chinese new industry, the situation of the delivery of Tesla in China, the research of the diffuse strategy, and the improvements of tactics

2.2 Comparative Analysis Method

Comparative analysis refers to compare two or more processes, documents, data sets, or other objects. Pattern analysis, filtering, and decision-tree analytics are forms of comparative analysis [6]. The intended purpose or problem to be solved by using this method. Comparing Tesla with other new energy vehicle brands makes it easy to discover the advantages and disadvantages of Tesla's marketing. From different aspects, this essay compares the marketing and distribution of Tesla with those of other brands. For example, most of the brands distribute their brands by opening some 4S shops. However, Tesla chooses to achieve this goal by opening some physical experience stores in some popular large shopping malls.

2.3 Case Study

In terms of the research paradigm, the case study is an empirical study. It does not deviate from the real-life environment and studies the phenomena that were going on in the local area at that time. The boundary between the research phenomenon and the situation in which it is located is not obvious. From the perspective of data collection and analysis, case studies should guide data collection and analysis based on theoretical assumptions, relying on multiple data sources, and finally get a consistent conclusion [7]. This paper takes the example of Tesla. Through such a method, it is clear to anticipate the purposes of the study and work out the problems. This paper selects Tesla because Tesla has its own special methods of marketing and distribution. The author made the company Tesla a case study. The company has a unique marketing and distribution tactic. And the essay refines these two main points. After handling the focus, it is then going to figure out the related issues.

3 RESULTS

3.1 Development status of China's New Energy Vehicle Industry

The new energy vehicle market performed outstandingly. Sales in October showed a substantial

increase, achieving the fourth time this year to refresh the historical record of the month, and the cumulative sales decline was significantly narrowed. In October 2020, China's new energy vehicle production and sales were 167,000 and 160,000, respectively, increasing 69.7% and 104.5% year-on-year.

On November 11, data from the China Association of Automobile Manufacturers (referred to as "China Automobile Association") showed that in October 2020, automobile production and sales continued to show double-digit growth, and the cumulative decline in automobile production and sales had narrowed to less than 5%. From January to October 2020, the cumulative sales of automobiles in China reached 19.699 million units, a year-on-year decrease of 4.7%.

It is worth noting that the new energy vehicle market performed outstandingly in October, with sales of 160,000 vehicles, a year-on-year increase of 104.5%. According to the China Automobile Association, from the perspective of industry development, as consumer confidence continues to rise, and with the "Double Eleven", auto show and new energy vehicles going to the countryside, the recovery of market demand will remain stable and positive [8].

3.1.1 Consumer Category

3.1.1.1 Geographical Environment:

Chinese regional economic differences are large. People on the southeast coast have relatively higher incomes and have more purchasing power for relatively high-end vehicles such as new energy vehicles. However, the demand for new energy vehicles in some second- and third-tier cities in the central and western regions is limited. People's awareness of environmental protection in rural areas is insufficient, so the new energy vehicle market should pay more attention to the southeast coast or big cities.

3.1.1.2. Cultural Environment:

Pay attention to the human environment when looking for the right market segments. People in different regions have different preferences for automobile consumption. Humanity variables are the most used basis to distinguish consumer groups. One of the reasons is that the consumer needs, preferences, and usage rates are often closely related to humanity variables, which are easier to measure than most other types of variables. Young and dynamic cities should promote more personalized and trendy cars; Cities with active economies and high incomes should promote more business models and high-end brands. Areas with strong female consumption power should promote models that are easy to drive and stylish in appearance.

3.1.1.3 Market Size

Although the world was shrouded in the shadow of the new crown pneumonia epidemic in 2020, the global sales of electric vehicles will still achieve tremendous growth. According to estimates by EV-volumes, global deliveries of BEV + PHEV will be 3.24 million units in 2020, compared with 2.26 million units in the same period in 2019, an increase of 43% year-on-year. During the same period, the global light vehicle market fell by 14%, increasing the global market share of electric vehicles from 2.5% in 2019 to 4.2% in 2020 [9].

In 2020, nearly 1.4 million BEVs and PHEVs were registered in Europe, an increase of 137% over 2019, while the overall automotive market dropped by 20% year-on-year. It is estimated that the sales of electric vehicles in Europe will exceed 2 million in 2021. The true prosperity of electric vehicles in Europe began in mid-2020 and reached its peak in December. In December, sales of electric vehicles were nearly 285,000, a year-on-year increase of 260% and a market share of 20% [10].

3.2 Current Situation of Tesla Motors' Marketing Communication Strategy in China

3.2.1 Current Product Strategy

As the gradually increase the demand for luxury goods in China, the Chinese government wanted to increase the ratio of new energy automobiles. The company Tesla posits in a great place. Tesla established a huge goal and started a surge of enrollment. Then, they actively construct a free, fast charger called "super charger"

3.2.2 Current Situation of Price Strategy

Tesla occupied a flexible pricing strategy. The price of Every electric car they made is adjusted by government policies, market change, and inner company decisions. There were 10 changes in their price and tactic since 2019, including rising and falling and changing swiftly. The reasons for several price increases may be to prepare for the latest price reduction, promotion, maybe the upgrade or revision of the configuration of electric vehicles, maybe the macroeconomic exchange rate changes, maybe the lack of supply and demand inventory. The reason for the price reduction may be the closure of offline stores to benefit consumers, the change of configuration, the clearing of inventory or the opening of sales in new markets, and so on. Absolutely, the base of their decision is to promote selling.

3.2.3 Sales Promotion Strategy

Tesla has taken a different approach to its advertising. It has abandoned its traditional wide advertising. Instead, it adopted a new advertising strategy: promoting its

products through social media, blog forums, etc. A blog written by Musk shows that the company's latest technology and the development of their cars; The official website will update the latest car information every month so that target customers understand every step of the company and so on. Instead of promoting its products through dealers, Tesla displays them in experience stores and shopping malls.

3.2.4 Distribution Strategy

Tesla's showrooms are located in famous and convenient shopping centers or shopping streets. No matter any of their shops, commonly, there will be only one car for the general view, experts of these cars in the store will introduce the related knowledge of electric cars. Tesla cars are almost out of stock and require reservations months in advance. So, it adopted this strategy because Musk had said, "Our technology is special, our products are special, so our stores must be special."

3.3 Problems in The marketing Communication of Tesla Motors in China

3.3.1 Frequent Price Adjustment

Tesla's cars are mostly made to order, which means there are orders for them to be built, so Tesla's inventory should be small. In this case, Musk should release the new car first and then cut the price of the old car as appropriate, and the new car should not be priced lower than the previous one.

3.3.2 Excessive Pursuit of Sales

It seems that Musk's position on Tesla has changed now. It is no longer a luxury car. He pursues sales instead of paying attention to preserving the brand. His entire marketing strategy was a shambles, clearly not a long-term plan or thought - out.

3.3.3 Newly Established and Less Competitive

Tesla, which has only just made a profit, is a fragile company. Other car companies could easily bring him down through price wars, smear campaigns, etc. If Musk continues to run Tesla with this kind of marketing strategy, I don't think Tesla will last 20 years.

4. DISCUSSION

4.1 Improvements for Frequent price Adjustment

Direct price adjustment, indirect price adjustment, and the combination of different ways should be adopted. Direct price adjustment is directly raised or reduce the

product sales price or sales discount; Indirect price adjustment is to increase or reduce the price indirectly by changing packaging conditions, trading conditions, payment conditions, and after-sales service conditions. Combining the two methods can be more covert and less likely to cause direct dislike of customers and the direct reaction of competitors. In addition, it is also very important to decide the range of price adjustment. The company needs to determine the range of price adjustment and whether it is an adjustment or step by step. Finally, pay attention to the timing of price adjustment. Appropriate price adjustment can promote product sales. The price increase should be selected in short supply, sales growth stage, and price reduction should be selected near the sales peak to achieve better results.

4.2 Improvements for The Excessive Pursuit of Sales

Excessive pursuit of sales may lead to a decline in service and product quality, leading to dissatisfaction with the company. Therefore, Tesla should improve brand quality from a different perspective, that is, to improve product quality because product or service quality is the main factor that determines the quality, development, economic strength, and competitive advantage of an enterprise. Quality is still the most critical factor in market competition. Companies that can provide products or services that customers are satisfied within a flexible and fast way can win the competitive advantage in the market. The quality of our products is the future of our company. Product quality is directly related to product sales and then has an important impact on the company's economic status and honor. In the long run, product quality has an important impact on the future development of the company

4.3 Improvements for Problems of Newly Established and Less Competitive

Tesla can improve the relationship between the local government and enterprises. The joint venture will promote investment and employment in China and improve the relationship with the government, to obtain more favorable policies. In addition, this move will accelerate the landing of Tesla in local cities. This may improve the brand influence. Furthermore, Currently, Tesla's reputation mainly focuses on the elite population in big cities, and it should develop its brand power in more cities

5. CONCLUSION

5.1 Summary

By analyzing the current situation of China's new energy vehicle industry, there is a huge market in China.

There are three categories of our consumers. They were divided by the geographical environment, cultural environment, and market size. In conclusion, there are lots of people in the middle of the new energy vehicles. The current situation of Tesla Motors' marketing communication strategy in China. Including the current product strategy, the current situation of price strategy, sales promotion strategy, and distribution strategy. Tesla has a unique strategy for their product, so that's why they can sell well in China. Moving onto the problem in the marketing communication of Tesla Motors in China. Such as frequent price adjustment, excessive pursuit of sales, and newly established and less competitive. In the discussion part, there are some ways to solve the problem mentioned in the result part. For the adjustment of the price, Tesla can have some different ways to adjust the price, such as using an indirect change in the price and then they can handle a reasonable range of the price adjustment and choose the right time to adjust for the price. And Tesla needs to improve the quality of its products and services. It is very important for the future development of a company. Finally, they need to improve the relationship between Tesla and local government and enterprises to improve their brand influences on society.

5.2 Limitations

There are several limitations worth noting. First, most of the data and policy analysis are retrieved from the Internet directly. Some analyses are based on data sets from journals, but not government documents. Due to the lack of available firsthand data, some parts of the current situation and forecasting analysis can be inaccurate and biased. Further research will be needed to verify the reliability of the suggestions of plans. Moreover, since Tesla's future planning is internal documentation and cannot be directly shared on the Internet with the public, we have limited knowledge about how the Tesla company will deal with the marketing problem. Thus, further research is necessary.

5.3 Meaning of essay

The research on the marketing communication strategy of Tesla Motors in China under the background of new media firstly analyzed and summarized the previous literature and pointed out the blind spots or deficiencies of their research, and then put forward suggestions and solutions to these problems.

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