Constant Rise of Tesla Inc.: Strategic Marketing Plan Leading To Company’s Colossal Growth in 2020

* Mr. Bhuvan Handa

ABSTRACT

Tesla Inc. (initially known as Tesla motors) founded in 2003 by two engineers, Martin Eberhard and Marc Tarpenning in San Carlos, California. Later, the involvement of Elon Musk in 2004 revolutionized the auto industry with his groundbreaking innovations that mainly focus on futurism by focusing on building a sustainable Energy Ecosystem. In this research report, we will be analyzing company’s innovative marketing strategy since its first launch 2003 until present. As Tesla is dominating the Electric Vehicle (EV) market for over a decade, we will also be comparing the data with other leading competitors. There will be a brief discussion on the evolution of EV’s. This research report will also be discussing the evolution of Tesla stock using various sources and data. Tesla has successfully attracted customers not only with wealth and status but also average earning customers from different age and gender groups.

Keywords: Tesla Motors, EV’s, Sustainable Energy, Evolution, Toyota, Envision, Pandemic, Thomas Davenport, Marketing Strategies, Tesla’s Stock, Rechargeable batteries, SpaceX, Entrepreneurship.

1. Introduction

Tesla is bringing its vision to over the years by creating a world of electric vehicles using Sustainable Energy. The initial and main purpose of the company was to establish market opportunities for renewable energy not only for 21st century but also for the future generation. Tesla’s mission since the launch is to transition accelerating world to sustainable energy. Tesla’s aim to transition also reflects the current environmental concerns for more sustainable future. As reported in several research studies and on their official website, Tesla thrive for cleaner environment and undoubtedly safest technology as Tesla do not use fuel or gas, resulting in no Carbon emissions. Consequently, due to climate change, more consumers favor such initiative that supports not only cheaper products and benefits to the environment as well. Although other electrical car competitors such as Chevrolet, Jaguar and Nissan, which promise better mile range of about 240 miles without stopping to recharge, yet they do not stand a chance against Tesla’s sophisticated high-tech battery which promises to drive roughly 370 miles. Other dynamic factors that make Tesla leading in electrical vehicle race in 2020 include efficient software and batteries, non-traditional dual motor program and ability to manufacture cars globally during pandemic. Slight drawback in the manufacturing of Tesla cars during the initial months of Covid-19 pandemic occurred due to the closure of

* Assistant Professor, DAV College, Jalandhar
main car factory in Fermont, California that strained the sales of the company. But soon enough, Elon Musk established multiple plants in world’s leading manufacturers, Shanghai and Berlin, which made possible for the visionary himself to become one of the planet’s leading Electric Car producer and establishing the highest market value of the company close to $210 billion leaving the previous most valuable motor maker company Toyota behind.

2. Evolution of EV’s over the last few decades

Long before Elon Musk’s vision came to life, there were numerous revolutionaries in early 1800’s and 1900’s, who dreamt of creating Electrical Vehicles. The pioneer of who dared to build an electric motor system was Thomas Davenport, and soon after motorized carriage was built by a Scottish, Robert Anderson but it was not yet viable, since it was not rechargeable. Feasible electric car that was rechargeable didn’t come along until 1859, eventually sparked the idea of creating more electric cars in 1900’s In early 1900’s, world witnessed the prominent rise of electrical cars, especially in U.S. Electric cars were well advertised among women. According to the American Census, in 1900’s 28% of manufactured cars were electric and were sold more than the cars that were operated by fuel, but due to lack of rechargeable batteries, the idea of electrical cars did not survive for too long. With the rising of mass production of cheap fueled Ford cars, the idea of electrical cars started to diminish. Even though companies like Ford and Chrysler envisioned the electrical cars but were not able to make it reality up until late 1900’s when American Motor Corporation mandated Zero emission vehicles in California. Ultimately, leading auto companies including, Toyota, Honda, Chevrolet and Ford started to manufacture electric cars to mandate California’s requirement, but tragedy strikes when department of general motors nullified the requirement of zero emission and killed the sales of EV’s. In early 2000’s, Tesla brought back EV’s to life by using lithium-ion batteries, which are reusable, rechargeable and can be recycles, thus making production of batteries more sustainable and valuable.

3. Tesla Competitors over the years

Tesla’s innovative expansion of products has been the most talked above vehicles in the market and Elon Musk’s unconventional entrepreneurship style has helped Tesla the most recognizable electric car maker in the auto industry, not just in the U.S, but also worldwide. Nevertheless, his unstoppable efforts didn’t stop other companies to compete or even to surpass his visions. Numerous Tesla’s competitors, including, Nio, BYD Company, Volkswagen, Toyota and General motors are battling for the future race in the world of EV’s. It was another milestone for Tesla when it recently took over world’s most valuable automaker, Toyota, by gaining more than twice profit share as Toyota, roughly about 600% gain in 2020 and comparatively, Tesla gained triple value than automakers, General Motors and Ford. In last few years, Tesla delivered reasonable profitable revenues up until 2019, and it took significant turnover in 2020, as it gained 163% rise in its share in the beginning of 2020, and making $6 billion more than Toyota, by delivering 500,000 vehicles in 2020.
4. Remarkable rise of Tesla’s stock in recent years

As the whole world witnessed, Tesla becoming one of the leading company, with the soaring of its stock value in the market from roughly $100 a stock in the beginning of the year of 2020, to skyrocketing to approximately $800 by end of 2020. Tesla’s growth has been remarkably constant and steady over the time span of 10 years, until recently it hit new record...
of surpassing all world records and gaining highest market cap of $208 billion in December of 2020, compare to $82 billion market cap in March 2020, beating Toyota, whose market cap is roughly about $202 billion. The data below indicates the rise of Tesla’s average stock price over the last 10 years. Tesla in the beginning of 2008, had total revenue of $14.5 million and it’s sales jumped to $119 million the following year. In 2011, after Tesla became public company, it’s reported sales rose to $204 million, with average stock price of only $5.7. In 2012, Tesla’s steady production of model Tesla Model S, of about 20,000 vehicles led to the skyrocketed profit of about $306 million and jumped to $4.05 billion by 2015. In 2016, the total revenue surged to $7 billion, eventually rising the stock price to roughly $40 by end of the year. Tesla’s tremendous rise from revenues during the last decade is incredible, rising from $14.7 million in 2008 to $11.76 billion in 2018 and stock price roughly from $5 to $63 in one decade. Even though the growth has been steady and slow over the 10 years, but it took off significantly over the last two years, as the demand for manufacturing increased in pandemic, making Tesla one of the highest stock in share market of roughly about $200 in the beginning of the year and ending in $800 approximately.

![Table 1: Tesla Historical Annual Stock Price Data](https://www.macrotrends.net/stocks/charts/TSLA/tesla/stock-price-history)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Stock Price</th>
<th>Year Open</th>
<th>Year High</th>
<th>Year Low</th>
<th>Year Close</th>
<th>Annual % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>289.9971</td>
<td>86.0520</td>
<td>705.6700</td>
<td>72.2440</td>
<td>705.6700</td>
<td>743.44%</td>
</tr>
<tr>
<td>2019</td>
<td>54.7060</td>
<td>62.0240</td>
<td>86.1880</td>
<td>35.7940</td>
<td>83.6660</td>
<td>25.70%</td>
</tr>
<tr>
<td>2018</td>
<td>63.4620</td>
<td>64.1060</td>
<td>75.9140</td>
<td>50.1120</td>
<td>66.5600</td>
<td>6.89%</td>
</tr>
<tr>
<td>2017</td>
<td>62.8633</td>
<td>43.3980</td>
<td>77.0000</td>
<td>43.3980</td>
<td>62.2700</td>
<td>45.70%</td>
</tr>
<tr>
<td>2016</td>
<td>41.9535</td>
<td>44.6820</td>
<td>53.0840</td>
<td>28.7340</td>
<td>42.7380</td>
<td>-10.97%</td>
</tr>
<tr>
<td>2015</td>
<td>46.0085</td>
<td>43.8620</td>
<td>56.4520</td>
<td>37.0000</td>
<td>48.0020</td>
<td>7.91%</td>
</tr>
<tr>
<td>2014</td>
<td>44.6658</td>
<td>30.0200</td>
<td>57.2080</td>
<td>27.8680</td>
<td>44.4820</td>
<td>47.85%</td>
</tr>
<tr>
<td>2013</td>
<td>20.8803</td>
<td>7.0720</td>
<td>38.6740</td>
<td>6.5820</td>
<td>30.0858</td>
<td>344.14%</td>
</tr>
<tr>
<td>2012</td>
<td>6.2337</td>
<td>5.6160</td>
<td>7.6020</td>
<td>4.5580</td>
<td>6.7740</td>
<td>18.59%</td>
</tr>
<tr>
<td>2011</td>
<td>5.3609</td>
<td>5.3240</td>
<td>6.9880</td>
<td>4.3660</td>
<td>5.7120</td>
<td>7.25%</td>
</tr>
<tr>
<td>2010</td>
<td>4.6683</td>
<td>4.7780</td>
<td>7.0940</td>
<td>3.1600</td>
<td>5.3260</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Source: [https://www.macrotrends.net/stocks/charts/TSLA/tesla/stock-price-history](https://www.macrotrends.net/stocks/charts/TSLA/tesla/stock-price-history)

5. **Tesla’s Future Endeavors**

Tesla is not only well known for its sustainable vehicles but also for its current and future projects. Tesla’s mission to create sustainable environment that causes less damage to the environment and maintain the climate change which is a momentous issue globally. Tesla’s innovations also manufacture other set of energy solutions, known as Powerwall, Powerpack and Solar roof that provides opportunity to manage renewable energy generation storage and consumption. Using new technology and methodology, Tesla can provide less priced solar panels to business and homeowners. Their marketing strategies also attract customers to invest in solar panels, by providing them with warranty system, stronger roof structure, eco-friendly ideology. Tesla installed more than 1 GWh of storage packs around the world, with the future aim of 2 GWh in the next few years.
6. Tesla’s Internal Analysis

Being a new age company, Tesla fabricate alternative energy vehicles like solar-powered cars, hybrid vehicles, and battery-operated vehicles. Tesla’s innovative technology is justified by highly qualified research and development team. Tesla is not the sole user of its own technology, other well-known companies such as Daimler uses Tesla’s battery packs; Mercedes- Benz is user of Tesla’s powertrain and apart from being Tesla’s competitor, Toyota also collaborated with Tesla for it’s motor. Other collaborations that make Tesla unique company consist a funding from government of approximately $465 billion for energy management projects that included SpaceX, which is also one the reasons for Tesla’s unbeatable stock price. Other factor that contributes to the major success of Tesla is not only the unique entrepreneurship skills of Elon Musk, but also his great leadership skills that encourages and motivates his highly self-driven team is major success factor for Tesla

7. Conclusion

As envisioned by Tesla, the surge of electric vehicles in recent years and predictably in upcoming years is evident. Once the tumbling future of electric vehicles was predicted by several major automobile companies, now is being revolutionized by Tesla and will continue to fortify standards of electric automobiles. The survival of Tesla few years ago was quite questionable, nevertheless, its success of achieving consistent cost of electric battery comparing to combustible engine made it possible. Disregarding, Elon Musk’s innovative style of automobile making over the decades is the significant reason for the rise. Furthermore, people’s decreasing dependency on petroleum and converting to hybrid environmental products are other reasons of major success of Tesla. In the upcoming decades, it is noticeable that the surge of electric vehicles among population is bound to continue and become more successful.

References: